ALWAYS AHEAD

INSIGHT BRIEF

The importance of a deep, native integration between your CRS & CRM

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Introduction

Close your eyes and imagine with me....

You're a commercial hotel leader and it is your responsibility to ensure your property's reservations and guest information are correct across your tech stack. You are using a Central Reservations System (CRS) to ensure that your property is available for booking across all your selling channels and a Customer Relationship Management (CRM) system to manage your loyalty program and compile all your guests' information including bookings, preferences, contact info, loyalty status, etc. All this valuable guest and booking information needs to land in your Property Management System (PMS) so that your hotel team can deliver the best guest service experience during check-in.

This sounds straight forward, right? However, if your technology stack is not properly integrated, there is no way to be sure that the guest information in new reservations are accurate and up-to-date because your CRS may not be passing all available booking information to the CRM to maintain the singular view of the guest. This means that you won't be able to accurately identify your guests (and their loyalty status) when they book with your property and/ or arrive to check in, and your team are losing the opportunity to recognize your most valuable guests when it matters most - and leaving money on the table at the same time.

Even worse, because your solutions aren't fully integrated, your loyalty program's ROI is being negatively impacted because your best customers aren't receiving the benefits that they deserve for their stays, particularly when they forget to enter their loyalty details when booking online. This diminishes the effectiveness of your loyalty program. In other words, your loyalty program is doing the exact opposite of what it was designed to do: cultivate loyalty and turn guests into repeat visitors.

Does any of this sound familiar?

If so, I have some good news…

there is an easy solution to your problem that has been proven to work for hotels of all types and sizes, all over the world: using a CRS and a CRM that have a deep, native integration.

Before I go into more detail about how a deep integration will solve all your problems, let me answer the initial question that I'm sure is running through your head right now…

What does "deep, native integration" mean and how does it compare to a typical integration?

First, let's look at a typical integration between a CRS and a CRM. Generally, a hotel buys a CRS and CRM from two separate technology vendors, each of which created their solution independently according to what they thought would be most useful for their hotel clients, using two different development teams and development strategies.

When a customer requests an integration between the two solutions, the two companies work together to develop APIs (application programming interfaces), which create a bridge between the two solutions that are used to transfer guest and reservation data between the two systems.

When buying new solutions for their tech stack, most hoteliers know that they need to ask whether the two solutions they are considering are integrated, but what many hoteliers don't know is that **it's not enough just to have an integration between the two systems;** in fact, **the quality and depth of the integration is arguably the most important factor in determining if the solutions will work together to effectively address your hotel's pain points.**

What variables can impact the quality of a typical integration?

The quality and depth of the integration can be impacted by many different factors:

- **Two-way integration vs one-way integration:** A two-way integration is when profile and reservation data is transferred automatically between the CRS and the CRM.   A one-way integration means that the data is only able to be transferred in one direction between the two systems, requiring the hotelier to manually input or workaround data that is not automatically updated. Obviously, a two-way integration is better, as it eliminates the need for manual data entry, keeping both solutions up to date as new profiles and reservations are created.

- **Data mapping:** To ensure that the data can be effectively transferred between the two systems, the API must ensure that each data field (i.e. guest first name) is properly matched to the appropriate field in the other solution. When the two solutions were designed with different ways to "map" their data, this can be problematic and can diminish the ROI on each solution. Unfortunately for hoteliers, this is a much more common problem in typical API-based integrations than you would think, and one that can have a significant negative impact on a property's operational efficiency and revenue potential.

- **The frequency that data is transferred between the solutions:** We've all heard about the importance of "real-time" as it applies to dynamic pricing but "real-time" should also be the standard when it comes to how/when the data is shared between your CRM and CRS to ensure highest efficiency and greatest ROI. Alternatively, the solutions may share data via

batch processing, which schedules the data transfer between systems on a regular basis (which could be hourly, daily, weekly, etc.). Anything less than real-time is not sufficient because if new reservations are made and the CRS can't access the customer's data in the CRM immediately (for example, if the next batch of data won't be transferred for an hour), you risk creating duplicate records and/or not providing the guest with the rate offering or loyalty credit that they deserve on their booking.

- **Data security:** When you are sharing client data (or any other sensitive data) between systems, it is important that your integration is encrypted, the API is secured against potential breaches and the integration complies with national and international data privacy regulations.

As you can see, there are many different variables that can impact the effectiveness of the guest and reservation data transfer and the overall quality of a typical integration between your CRS and CRM.

Now, let's look at "deep, native integration," compared to the typical API-based integration...

One of the key elements of this type of integration is that it is "native," which means that (unlike the typical integration example) the CRS and CRM were developed by the same company and created specifically to integrate with each other. In a native integration, the same development team built both solutions, based off a pre-planned development strategy for the coding, data mapping, etc. seamlessly integrating the two systems without having to "patch"

them together. This enables the two systems to work together in a deeper, more comprehensive, more effective way, eliminating the common integration issues that can be experienced when using a typical API-based integration.

There are many other benefits to a deep, native integration (versus typical API-based integrations), including:

Simplicity:

Because the two solutions were developed in tandem, there is no need for time-consuming API development, implementation and/or testing (as there is with the typical API-based integration). This minimizes the time to launch, making it possible to start using both solutions, at their optimal performance levels, much more quickly. It also minimizes the chance of system failure because there are fewer potential "weak spots" between the two systems.

Reliability:

Typically, native solutions are more reliable as they are created, tested and optimized by the vendor to solve specific scenarios and to eliminate the typical hurdles that API-based integration can create for hoteliers.

Cost-effectiveness:

Solutions with native integrations are more cost-effective in the long run, as they eliminate any additional integration fees or development charges. In addition, deep, native integration reduces the need for middleware or custom integration solutions, which decreases the long-term IT overhead associated with maintaining multiple systems. Finally, you don't have to worry about app updates creating integration issues between the two systems.

Now that you understand what typical integration is, the factors that impact the quality of the integration and how deep, native integration differs from typical integrations, we're ready to get down to the really important work: teaching you **how and why deep, native integration is key to selling more rooms by reaching your target audience how and where they want to book, maximizing your profitability and operational efficiency, no matter how the market changes.**

When hoteliers use a CRS and CRM with a deep, native integration, they can expect to significantly enhance the efficiency and effectiveness of their operations, improve guest experiences and increase revenue opportunities. But there are other, more specific key outcomes that can be expected, including:

Enhanced personalization

A CRS and CRM with deep, native integration will provide hoteliers with a singular view of each guest's data in real-time, making it easy to understand everything that they need to know about a guest's purchase history, preferences, previous service requests, etc., all from a single dashboard.

It is proven that there is a higher tendency for guests to make a purchase as a result of a personalized marketing campaign, both during the booking process and during their stay; in fact, a statistic from Google showed that "90% of leading marketers said marketing personalization significantly contributed to profitability".

With a deep, native integration between the CRS and CRM, the more often a guest stays at your property (regardless of how they book), the CRM will compile data on their past purchase behaviours, preferences they've shared, demographics and, even, post-stay reviews; this data can be used to better segment your marketing audiences for future campaigns, enabling you to offer the most personalized and dynamic content that will resonate with the guest, encouraging them to book another stay at your property.

Drive more direct bookings

A deeply integrated, native tech stack – including a CRS, CRM, sophisticated direct booking engine and voice application (to help you more effectively manage your telephone reservations) – enables more advanced opportunities for personalization throughout the entire booking journey, driving more bookings through the cost-effective direct booking channels. Some vendors will even offer all these solutions together, out-of-the-box (like SHR's Tech Stack!), meaning that you can

drive more direct bookings, decrease your cost of acquisition and increase revenue from Day 1, no time-consuming or costly integrations necessary!

Increased revenue opportunities

By having access to guests' purchase history and preferences, your reservations and marketing team can also identify opportunities to upsell or cross-sell more effectively, both during the booking process and in the pre-arrival period, to maximize revenue while boosting the guest's stay experience. Consider offering room upgrades, parking or a special dining experience to guests via a pre-arrival email, based on their individual preferences (which were collected and added to the CRM during their previous stays at your property), and watch your bottom-line soar.

More effective marketing campaigns

With a comprehensive view of customer data, marketing teams can more effectively segment their audience to develop targeted campaigns based on detailed insights into different guest segments' preferences and buying behaviors. Working with the revenue management team, this information can be used to develop promotions and campaigns that will be more appealing and, as a result, they will result in higher conversion rates (increased market share and profitability!).

In addition, the CRM data can be used to target loyalty program members with special promotions designed to boost revenue. Most hoteliers assume that they earn lower ADR on their loyalty program members' visits because they offer them a discounted room rate, but the opposite is true;

SHR clients see an average of 12% increased ADR from loyalty program members, compared to non-loyalty guests

because loyalty members recognize the value offered by the property and in the loyalty program and, as a result, spend more during their stay – and this is what makes your loyalty program members one of the most valuable target audiences. Additionally, when a loyalty member books a discounted member rate through a direct channel, the cost to acquire the booking will still typically be less than the cost to acquire the same booking via a commissionable channel.

Improved ROI on your loyalty program

If your property has invested in a loyalty program, you know that they can be costly but highly effective ways to encourage repeat guests (your most valuable guests!), so they are 100% worth the cost – if your CRM and CRS have a deep, native integration, which will maximize the efficacy and ROI earned from the program.

Here's why loyalty programs are so valuable when they work properly… The ability to provide personalized

experiences not only enhances guest satisfaction but also fosters loyalty, maximizing revenue opportunities.

Your deeply integrated CRM can manage loyalty programs more effectively by tracking guest stays, preferences and reward redemptions in real-time, making it easier to offer meaningful programs that make guests feel recognized and encourage repeat visits.

Due to the deep integration between the two solutions, guests will have a consistent and seamless booking experience, whether they choose to book through your hotel's online booking engine, or if they call the reservations office – reinforcing the overall value of your loyalty program in the guest's mind.

Without a deep, native integration between your CRS and CRM, your loyalty program members may end up booking online without being recognized and without their member details, creating duplicate profiles in the CRM and creating a disjointed, inconsistent booking experience for the guest.

Through the deep, native integration, your CRM will provide the CRS with any exclusive offers or earned redemption opportunities that are available to the guest, in real-time, during the booking process and, when they are ready to finalize their booking, it will pre-populate their contact information to streamline the process.

So, are you convinced about the value of a deep, native integration between your CRS and CRM yet?

As you can see, using a deep, natively integrated CRS and CRM will help your property provide guests with the most personalized, high value offer at the best time and through the booking channel of their choice, maximizing your revenue opportunities and overall profitability, no matter how the market changes. A deep, native integration between the CRS and CRM enables you to not only meet the current expectations of guests but also anticipate future needs, a highly effective way of staying ahead of your competition in our highly competitive hospitality industry.

Want to see a deep, natively integrated CRS and CRM in action?

Pacifica Hotels, a prominent hotel chain with more than 30 mixed-brand properties, including seventeen independent hotels along the West Coast of the USA, sought to boost guest sign-ups and engagement by launching an exclusive loyalty and incentive program aimed at elevating their business and brand at an independent level.

To achieve this, they joined forces with SHR Group, leveraging their world leading AI-powered CRS (Windsurfer) technology in December 2020, and subsequently integrating SHR's CRM.

Their key objectives included:

• Developing a guest portal to facilitate rewards and benefits for members.

• Implementing a robust tracking system for sign-ups and revenue reporting.

• Crafting targeted marketing strategies specifically designed to engage and delight program members.

• Implementing incentives and measures to drive increased sign-ups at the property level.

The outcome

The eagerly anticipated loyalty program, known as Pacifica Perks, finally debuted in March 2022. This enticing program allows guests to access appealing incentives through both the Pacifica corporate and property websites, skillfully supported by strategic marketing campaigns orchestrated by Pacifica's teams and enabled by SHR's CRM. To further drive memberships, the booking engine plays a vital role by seamlessly offering exclusive rates tailored to members, enticing them with property incentives upon enrollment.

Success by the numbers

In the first year of the Pacifica Perks program, there were 31,109 new member registrations, with 66,489 member room nights purchased, showing how much revenue can be earned by properly implementing a loyalty program, backed by a deep, natively integrated CRM and CRS, like SHR's CRS and CRM.

To find out more about how SHR's integrated CRS and CRM solutions can boost your property's bookings, revenue and overall profitability, book a demo with one of our experts today.

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SHR is the premier global specialist technology and service provider for the hotel sector, dedicated to ensuring its clients remain always ahead in a fast-paced and competitive market. SHR empowers hotels and casinos to increase revenue and customer lifetime value at every step of the guest journey by combining the immense potential of AI, with a dynamic product suite comprising integrated and automated products and services. Alongside SHR's suite of applications the company also has SHR Hotel Services, which focuses on equipping the hospitality industry with a unique competitive edge delivered through exceptional digital services and consultancy.

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